



Property Casualty Insurers
Association of America

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Jeffrey Junkas
Regional Manager, State Government Relations

June 18, 2013

The Honorable Wayne Schmidt
Representative, 104th District
Chairman, House Transportation and Infrastructure Committee
Michigan House of Representative
124 North Capitol Avenue
P.O. Box 30014
Lansing, MI 48909-7514

Re: SB 390

Dear Chairman Schmidt:

The Property Casualty Insurers Association of America (PCI) is a trade association representing over 1,000 property and casualty insurance companies that write more than \$190 billion in annual premium, 40 percent of the nation's property casualty insurance. In Michigan, more than 350 of our members write over 41 percent of the state's total insurance market and respectfully submit the following comments on Senate Bill 390, concerning contracting with an outside vendor to manage access to various state records.

Language included within SB 390 intends to allow the state to contract with an outside vendor to manage access to certain state records. Based on PCI's experience in other states, such contracts invariably lead to a significant increase in the cost of motor vehicle records (MVRs) with no discernible benefit to residents, and are essentially a hidden tax.

MVRs, of course, capture the driving history of each motorist and as such, naturally play an important role in the underwriting and rating of auto insurance (personal and commercial). Access to MVR data helps to ensure the premium a consumer is charged is commensurate with the level of risk he or she represents, based on driving history. This is one of many factors to determine a premium, but a critical one.

As with any piece of data, however, its utility is measured against its cost. PCI members have seen first-hand in other states that when the state procures a vendor to manage access to MVR data, the cost of a MVR increases anywhere from 14 to fully 150 percent. Such cost increases naturally are factored into the overall process to determine adequate premiums to cover claims and expenses, and often passed on to policyholders in the form of higher premiums. Such a move now by the state would go against the known desire by many in the Legislature and Administration to lower insurance costs via no-fault, fraud, and other auto insurance reforms.

Attached for your reference is a chart illustrating some of the price gouging taking place by outside vendors as allowed in SB 390 that will not serve consumers, or the broader business or insurance community.

I appreciate your consideration of our perspective. Please contact me directly at 847-553-3678 or via email at jeffrey.junkas@pciaa.net or our George Carr, PCI's Michigan counsel at 517-371-2577 or via email at gm carr@gm carrlawfirm.com with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey Junkas", with a stylized flourish at the end.

Jeffrey Junkas

cc: House Transportation and Infrastructure Committee Members
George Carr



NIC Convenience Fee Surcharges on MVRs /% Increase in Total Cost of MVR

